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The Honorable Shelley C. Chapman
United States Bankruptcy Judge Bankruptcy Court for the Southern District of New York
One Bowling Green
New York, NY 10004-1408

Correspondence Re: Lehman Brothers Holding, Inc. , Docket No. 08-13555-SCC (Bankr. S.D.N.Y.) Modified Third Amended Joint Chapter 11 Plan of Lehman Brothers Holdings Inc. and Its Affiliated Debtors" [Docket#23023-1] (the "Plan")

Dear Honorable Judge Chapman:

I am respectfully writing to inform you that the "Plan" is not being enforced in its entirety. The "Plan" was created for this bankruptcy and acts as a roadmap and provides binding instructions and resolutions on how to proceed with the above-named bankruptcy. If the "Plan" is violated, then the above-named bankruptcy should be reviewed to make sure that it is still in conformance with the Bankruptcy code, Contractual and Common law. If a willful violation has occurred, a criminal investigation should be conducted.

"The Important Covenants of Lehman Brothers Holdings", the "Covenant", states that LBHI or any of its subsidiaries are not permitted to "declare or pay any dividends or distributions on, or redeem, purchase, acquire or make a liquidation payment with respect to, any of Lehman Brothers Holding's capital stock" or make any payments of principal, interest or premium, or redeem any debt securities of Lehman Brothers Holdings that rank on a parity with or in junior in

interest to the junior subordinated debt securities or make any guarantee payments with respect to any guarantee by Lehman Brothers Holdings of the debt securities of any subsidiary of Lehman Brothers Holdings if such guarantee ranks on a parity with or junior in interest to such junior subordinated debt securities.....” LBHI’s Capital Trust shares are also in parity with the most senior preference shares of LBHI and/or any of its affiliates. This means that in order for the “Plan” to be in conformity with the bankruptcy, any transaction that involves LBHI or its subsidiaries must conform with the Covenant and all the provision within the Guarantee. The LBHI Capital Trust shares are in parity with the most senior preference shares of LBHI or any of its affiliates. *The LBHI Capital Trust shares are not subordinated to the senior preference shares of LBHI or any of LBHI’s affiliates. They are only subordinated to the debts of LBHI and not equity.* A complete copy of the Prospectus which states the terms of the Important Covenants to Lehman Brothers Holdings and the Guarantee can be found on docket #60542. A Description of the Guarantee is below:

DESCRIPTION OF THE GUARANTEE

The guarantee to be executed and delivered by Lehman Brothers Holdings for the benefit of the holders of preferred securities will be qualified as an indenture under the Trust Indenture Act of 1939. The Chase Manhattan Bank will act as guarantee trustee for purposes of the Trust Indenture Act. The terms of the guarantee will include those set forth in the guarantee and those made part of the guarantee by the Trust Indenture Act. The following summary of the material terms of the guarantee is not intended to be complete and is qualified in all respects by the applicable prospectus supplement, the guarantee, the Trust Indenture Act and other applicable law. The guarantee will be filed as an exhibit to a Form 8-K or similar document incorporated by reference in the registration statement of which this prospectus forms a part. You can obtain a copy of this document by following the directions on page 7.

General

Pursuant to and to the extent set forth in the guarantee, Lehman Brothers Holdings will irrevocably and unconditionally agree to pay in full to the holders of the preferred securities and common securities, as and when due, regardless of any defense, right of set-off or counterclaim which the trust may have or assert, the following payments without duplication:

- any accrued and unpaid distributions that are required to be paid on the preferred securities, to the extent the trust has funds available for such distributions;
- the redemption price per preferred security, to the extent the trust has funds available for such redemptions; and
- upon a voluntary or involuntary dissolution, winding-up or liquidation of the trust, other than in connection with the distribution of junior subordinated debt securities to the holders of preferred securities, the lesser of

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- the aggregate liquidation amount of the preferred securities and all accrued and unpaid distributions thereon, or
- the amount of assets of the trust remaining for distribution to holders of the preferred securities upon a liquidation of the trust.

Status of the Guarantees

The guarantee will constitute an unsecured obligation of Lehman Brothers Holdings and will rank:

- subordinate and junior in right of payment to all other liabilities of Lehman Brothers Holdings,
- on a parity with the most senior preferred or preference stock now or hereafter issued by Lehman Brothers Holdings and with any guarantee now or hereafter entered into by Lehman Brothers Holdings in respect of any preferred securities of any affiliate of Lehman Brothers Holdings, and
- senior to Lehman Brothers Holding's common stock.

The guarantee will not place a limitation on the amount of additional senior debt that may be incurred by Lehman Brothers Holdings.

The guarantee will constitute a guarantee of payment and not of collection (that is, the guaranteed party may institute a legal proceeding directly against Lehman Brothers Holdings to enforce its rights under the guarantee without first instituting a legal proceeding against any other person or entity). The guarantee will not be discharged except by payment of the guarantee payments in full to the extent not

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paid by the trust or upon distribution of the junior subordinated debt securities to the holders of the preferred securities in exchange for all such preferred securities.

The guarantee, when taken together with Lehman Brothers Holdings' obligations under the junior subordinated debt securities, the indenture and the declaration, including its obligations to pay costs, expenses, debts and liabilities of the trust, other than those relating to trust securities, will provide a full and unconditional guarantee on a subordinated basis by Lehman Brothers Holdings of payments due on the preferred securities. See "Effect of Obligations Under the Junior Subordinated Debt Securities and the Guarantee."

Important Covenants Of Lehman Brothers Holdings

In the guarantee, Lehman Brothers Holdings will covenant that, so long as any trust securities remain outstanding, if:

- there shall have occurred any event of default under the indenture,

- Lehman Brothers Holdings shall be in default with respect to its payment of any obligations under the guarantee, or
- Lehman Brothers Holdings shall have given notice of its election to defer interest payments and shall not have rescinded such notice, and while such interest is deferred,

then Lehman Brothers Holdings will not, and will not permit any subsidiary to:

- declare or pay any dividends or distributions on, or redeem, purchase, acquire or make a liquidation payment with respect to, any of Lehman Brothers Holdings' capital stock, or
- make any payment of principal, interest or premium, if any, on or repay, repurchase or redeem any debt securities of Lehman Brothers Holdings that rank on a parity with or junior in interest to the junior subordinated debt securities or make any guarantee payments with respect to any guarantee by Lehman Brothers Holdings of the debt securities of any subsidiary of Lehman Brothers Holdings if such guarantee ranks on a parity with or junior in interest to such junior subordinated debt securities, other than

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- dividends or distributions in common stock of Lehman Brothers Holdings,
- payments under the guarantee made by Lehman Brothers Holdings in respect of the trust securities of the trust,
- any declaration of a dividend in connection with the implementation of a shareholders' rights plan, or the issuance of stock under any such plan in the future, or the redemption or repurchase of any such rights pursuant thereto, and
- purchases of common stock related to the issuance of common stock or rights under any of Lehman Brothers Holdings' benefit plans.

LBHI executed transaction in the past that violated the Important Covenants of Lehman Brothers Holdings and the Guarantee, therefore violating the "Plan". LBHI and the Plan Administrator needs to stop executing transactions going forward that violates the Covenants and the Guarantees.

I communicated to the Debtor and the Plan Administrator regarding the Covenants though previous communications that were forwarded to the honorable court. They are also aware of the full provisions of the Guarantee and violations of the "Plan" through docketed motions.

All transactions since the inception of the "Plan" that involved the issuance, redemption or repurchases of securities that violated the Important Covenant of Lehman Brothers Holdings and the Guarantee are in violation of the "Plan". The Covenants is part of a guarantee that states the guarantee holders are in parity and the most senior preference stock of LBHI and/or any of its

affiliates. This too must be honored during the bankruptcy proceedings and was violated. The violations stem from the beginnings of the bankruptcy from the Neuberger Berman and LBMB transactions where both redeemed their preference shares during the bankruptcy to LBHI2 and the ECAPS settlement. All the transactions above should be reviewed by the court to see if the “Plan” was violated by the Plan Administrator and the Debtor by not honoring the “Covenant” and all the provisions of the Guarantee it falls under. The Guarantees and the Covenants each have enforceable rights under the “Plan” which are being negligently cast aside.

The honorable court should enforce all aspects of the “Plan”. The Plan Administrator is obligated to work within the framework of the “Plan” and is obligated to correct all violations of the Plan, the Guarantees and the Covenants. Especially, potential violations on transactions the Plan Administrator carried out. If a violation is revealed and cast aside, I respectfully request the honorable court to review what is presented and make sure the “PLAN” is not in jeopardy. I respectfully ask the court to enforce the “PLAN” and to make sure the rights stated on the Important Covenants of Lehman Brothers Holdings and the Guarantee are not violated and upheld at all times.

Thank you,

Respectfully Submitted,

/s/ Rex Wu
Rex Wu

